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Proposed Attorneys for Chapter 11 Debtor
and Debtor in Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION**

In re:

CARTEL MANAGEMENT, INC.,

Debtor.

Case No.: 2:17-bk-11179-DS

Chapter 11 Case

**DEBTOR'S EX PARTE MOTION FOR
ENTRY OF AN ORDER AUTHORIZING
JOINT ADMINISTRATION OF CASES;
DECLARATION OF GRIFFIN GUESS IN
SUPPORT THEREOF**

[No hearing or notice required pursuant to Local
Bankruptcy Rule 1015-1]

Pursuant to Local Bankruptcy Rule 1015-1(b), Cartel Management, Inc. ("CMI"), the debtor and debtor in possession in the above-referenced Chapter 11 bankruptcy case, hereby moves, on an ex parte basis, for the entry of an order authorizing joint administration of this case with the Chapter 11 bankruptcy case of Titans of Mavericks, LLC ("Titans", and collectively with CMI, the "Debtors") (Case No. 2:17-bk-11181-DS).

STATEMENT OF FACTS

A. The Debtors' Operations And Ownership Structure.

1. The Debtors commenced their bankruptcy cases by filing voluntary petitions under Chapter 11 of the Bankruptcy Code on January 31, 2017 (the "Petition Date"). The Debtors continue to operate their business, manage their financial affairs and operate their bankruptcy estates as debtors in possession.

2. CMI and Titans together promote, organize, and host one of the most famous sporting events in "big wave" surfing, known as "Titans of Mavericks" at the Pacific Ocean surf break popularly known as "Maverick's" located near Half Moon Bay, California, just south of San Francisco. This one-day, invitation only, surfing competition attracts professional big wave surfers from across the globe. The competition is limited to twenty four of the world's best male surfers, and six of the world's best female surfers, challenging the massive swells and each other on the biggest and best surf days every winter. It is not uncommon for competition waves to be in excess of fifty feet. The current competition date spans from November 1, 2016 through March 31, 2017. When weather and surf conditions are determined to be satisfactory, notice is provided to the contestants of the commencement of the event. The event does not necessarily occur every year – if weather and wave conditions are not deemed satisfactory, the event is not held.

3. CMI and Titans work collectively to promote, organize, and host the event. CMI generally is in the business of event and brand management and media broadcast development to promote, produce, develop and market intellectual properties to develop stronger media presence and business models for the commercialization of such intellectual properties. CMI is wholly owned by Griffin Guess. Mr. Guess is also the President and sole member of the Board of Directors of CMI.

4. In 2015, Mr. Guess created Titans to handle the actual day to day tasks related to the organization of the Titans of Mavericks surf event. Titans has approximately six staffers. Mr. Guess is the sole manager and member of Titans. CMI and Titans therefore work hand in hand to promote, organize, and host the event. They have common ownership and business goals, with

1 CMI providing the licensing and intellectual property needed to conduct the event, and Titans
2 actually managing and hosting the event.

3 **B. Circumstances Leading To The Bankruptcy Filings And The Debtors' Bankruptcy**
4 **Goals.**

5 5. The primary source of income for the Debtors is revenue generated from
6 sponsorship and media agreements between CMI and third parties such as Red Bull, Clif Bar, Fox
7 Sports and Pandora. Titans also generates revenue from the sale of products such as clothing,
8 hats, posters, and stickers associated with the surfing event.

9 6. Despite revenue growth and significant increased attention for the event, the
10 Debtors faced operating difficulties arising from delayed sponsor payments, political
11 complications, costly litigation and the need to maintain their necessary permits in the face of
12 continuing efforts by certain third parties to negatively affect the Debtors. The Debtors were
13 forced to file for bankruptcy protection in order to obtain a breathing spell and conduct either a
14 sale of their business and/or assets, or internally restructure their financial affairs.

15 **BASIS FOR RELIEF**

16 Pursuant to Local Bankruptcy Rule 1015-1(b), "[i]f two or more cases are pending before
17 the same judge, an order of joint administration may be entered, without notice and an
18 opportunity for hearing, upon the filing of a motion for joint administration pursuant to FRBP
19 1015, supported by a declaration establishing that the joint administration of the cases is
20 warranted, will ease the administrative burden for the Court and the parties, and will protect
21 creditors of the different estates against potential conflicts of interest."

22 Joint administration of the cases is warranted. The Debtors share common ownership and
23 management, and work hand in hand to promote, organize and host the Titans of Mavericks surf
24 event. CMI holds licenses to the intellectual property associated with the event and Titans
25 handles the day to day tasks of managing and organizing the event. Joint administration will
26 avoid the exponential increase in expenses related to the need to obtain Court approval of
27 identical motions involving all of the same parties in separate cases. Joint administration of these
28

cases will ease the administrative burden for the Court and the parties, and will protect creditors of the different estates against potential conflicts of interest. For example, to the extent the Debtors sell their assets, they will most likely file a single sale motion. To the extent the Debtors propose a plan of reorganization, they will most likely file a single plan.

Rather than reviewing separate pleadings filed in separate cases, the Court will only need to review single pleadings. Creditors of the estates will be aware of the requests and the relationships between the Debtors, their cases, their assets, and their liabilities. Annexed hereto is the Declaration of Griffin Guess in support of this Motion.

In the event the Court orders the joint administration of the cases, the Debtors respectfully suggest that the following caption be approved and that the Cartel Management, Inc. case be used as the lead case:

In re:

CARTEL MANAGEMENT, INC.

Debtor.

Lead Case No.: 2:17-bk-11179-DS

Jointly administered with:

2:17-bk-11181-DS
(Titans of Mavericks, LLC)

Chapter 11 Cases

In re:

TITANS OF MAVERICKS, LLC,

Debtor.

☒ Affects All Debtors

☐ Affects Cartel Management, Inc. only

☐ Affects Titans of Mavericks, LLC only

Accordingly, CMI respectfully requests that this Court enter an order (lodged concurrently herewith):

(a) authorizing the joint administration of the cases;

(b) approving the form of caption suggested by the Debtors herein; and

(c) granting such other and further relief as the Court deems just and proper.

Dated: January 31, 2017

CARTEL MANAGEMENT, INC.; TITANS
OF MAVERICKS, LLC

By: /s/ Krikor J. Meshefejian
DAVID L. NEALE
KRIKOR J. MESHEFEJIAN
LEVENE, NEALE, BENDER, YOO
& BRILL L.L.P.
Proposed Attorneys for Chapter 11
Debtor and Debtor in Possession

DECLARATION OF GRIFFIN GUESS

I, GRIFFIN GUESS, HEREBY DECLARE AS FOLLOWS:

1. I have personal knowledge of the facts set forth below and, if called to testify, would and could competently testify thereto.

2. I am the President, sole member of the Board of Directors, and authorized representative of Cartel Management, Inc. ("CMI"), and I am the sole member and managing member of Titans of Mavericks, LLC ("Titans" and collectively with CMI, the "Debtors").

3. The Debtors commenced their bankruptcy cases by filing voluntary petitions under Chapter 11 of the Bankruptcy Code on January 31, 2017 (the "Petition Date"). The Debtors continue to operate their business, manage their financial affairs and operate their bankruptcy estates as debtors in possession.

4. CMI and Titans together promote, organize, and host one of the most famous sporting events in "big wave" surfing, known as "Titans of Mavericks" at the Pacific Ocean surf break popularly known as "Maverick's" located near Half Moon Bay, California, just south of San Francisco. This one-day, invitation only, surfing competition attracts professional big wave surfers from across the globe. The competition is limited to twenty four of the world's best male surfers, and six of the world's best female surfers, challenging the massive swells and each other on the biggest and best surf days every winter. It is not uncommon for competition waves to be in excess of fifty feet. The current competition date spans from November 1, 2016 through March 31, 2017. When weather and surf conditions are determined to be satisfactory, notice is provided to the contestants of the commencement of the event. The event does not necessarily occur every year – if weather and wave conditions are not deemed satisfactory, the event is not held.

5. CMI and Titans work collectively to promote, organize, and host the event. CMI is in the business of event and brand management and media broadcast development to promote, produce, develop and market intellectual properties to develop stronger media presence and business models for the commercialization of such intellectual properties. CMI is wholly owned by me. I am also the President and sole member of the Board of Directors of CMI.

6. In 2015, I created Titans to hold the intellectual properties and handle the actual day to day tasks related to the organization of the Titans of Mavericks surf event. Titans has approximately six staffers. I am the sole manager and member of Titans. CMI and Titans therefore work hand in hand to promote, organize, and host the event. They have common ownership and business goals, with CMI providing the licensing and intellectual property needed to conduct the event, and Titans actually managing and hosting the event.


7. The primary source of income for the Debtors are revenue generated from sponsorship and media agreements between CMI and third parties such as Red Bull, Clif Bar, Fox Sports and Pandora. Titans also generates revenue from the sale of products such as clothing, hats, posters, and stickers associated with the surfing event.

8. Despite revenue growth and significant increased attention for the event, the Debtors faced operating difficulties arising from delayed sponsor payments, political complications, costly litigation and the need to maintain their necessary permits in the face of continuing efforts by certain third parties to negatively affect the Debtors. The Debtors were forced to file for bankruptcy protection in order to obtain a breathing spell and conduct either a sale of their business and/or assets, or internally restructure their financial affairs.

I declare and verify under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on this 31st day of January, 2017, at Los Angeles, California.

at Los Angeles, California.



GRIFFIN GUESS, Declarant

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled: **DEBTOR'S EX PARTE MOTION FOR ENTRY OF AN ORDER AUTHORIZING JOINT ADMINISTRATION OF CASES; DECLARATION OF GRIFFIN GUESS IN SUPPORT THEREOF** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **February 1, 2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Kenneth G Lau** kenneth.g.lau@usdoj.gov
- **David L. Neale** dln@lnbyb.com
- **United States Trustee (LA)** ustpreion16.la.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL: On **February 1, 2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **February 1, 2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Served via Attorney Service

Hon. Deborah J. Saltzman
United States Bankruptcy Court
Edward R. Roybal Federal Building
255 E. Temple Street, Suite 1334
Los Angeles, CA 90012

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

February 1, 2017

Date

Stephanie Reichert

Type Name

/s/ Stephanie Reichert

Signature